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SIPDIS

SENSITIVE
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NEA/ELA
NSC - EABRAMS/MSINGH
TREASURY FOR GLASER/LEBENSON
EB/ESC/TFS FOR SALOOM

E.O. 12958: N/A

TAGS: ECON ETRD EINV SY

SUBJECT: DANISH COMPANY ALRA FACES THREATS AND ECONOMIC LOSSES
IN SYRIA DUE TO CARICATURES

NOT FOR INTERNET OR WEBGRAM DISTRIBUTION

¶1. (SBU) Summary: In the wake of the destruction to the Danish and Norwegian Embassies in Damascus, many Syrians are encouraging non-violent protests of the Mohammad caricatures, including a general boycott of Danish products. The Syrian distributor for Alra Danish dairy products says that as a result of the cartoons, he and his staff have been threatened and that he has lost about 75 percent of his market share. While many stores in Damascus refuse to sell Danish products, the SARG has not officially banned them. End Summary.

¶2. (SBU) In the aftermath of protests on February 4 in Damascus that resulted in the burning of the Danish and Norwegian Embassies, some Syrians are calling for alternative, non-violent means of protesting the caricatures. In private conversations, several Sunni Muslims have called the torching of the embassies "unnecessary" and have told us that they are more supportive of a general boycott of Danish products.

¶3. (SBU) Mazen Alzein, Acting General Manager of KD Foods Co. admitted to us that his staff has been threatened with physical harm as a result of recent events. Two days ago KD Foods Co., distributor for Danish-Swedish dairy company Arla Foods, was forced to remove the signs and logos of Alra products from shops and company vehicles after receiving anonymous threats to blow up the trucks. Additionally, because of his affiliation with Alra, Alzein (who considers himself to be a devout Muslim) feels that some Syrians are holding him and his staff personally responsible for the caricatures published in European newspapers.

¶4. (SBU) Local press reports that the ongoing boycott of Danish products in the Middle East has cost Alra about \$1.75 million USD per day. Alzein said that an increasing number of Syrians have been boycotting Danish foodstuffs for the past two weeks as a result of pamphlet distribution and word-of-mouth communication, which has had a significant impact the profit margins of Alra in Syria. Alzein says that since late January, about 75 percent of the shops that purchase Danish products have returned their merchandise. Furthermore he stated that, as a result of the boycott, his company has about a \$2 million USD overstock of Danish products, including 160 metric tons of foodstuffs that are en route to Syria.

¶5. (SBU) Although the SARG has not officially called for a boycott of all Danish products, few shopkeepers are stocking well-known Danish foodstuffs. Several stores have hung signs at their entrances that read "No More Danish Products" and are replacing Danish products with French or Syrian equivalents. Still, an owner of one supermarket that caters to expatriates continues to carry Danish foodstuffs and stated that he is unconcerned about

possible repercussions and believes that his decision will ultimately be profitable.

¶6. (SBU) Comment: Syrian Muslims, including businessmen, we have talked to support taking some action in protest, which makes the short-term success of a general boycott on Danish, and potentially other European products, likely. Still, Europe has become an increasingly important economic partner for Syria since US trade sanctions were imposed on Syria in May 2004. The SARG has realized significant political benefit from its hyping of real and imagined new European investment in Syria, especially to imply separation between USG and European foreign policy objectives in Syria. The SARG will have to weigh the costs of continuing to fan the flames of indignation with the potential economic costs once the initial enthusiasm of support for sustaining or expanding the boycott begins to wear off.

SECHE